"THIRTY MEANS THIRTY" (FUTURE RENT NOT INCLUDED) –

THAILAND'S SUPREME COURT SLAMS THE DOOR ON PRE-PAID LEASE RENEWALS

Why you have taken an interst in reading this (and why my email/phone keeps buzzing)

Since the Supreme Court's March 2025 decision in a case about a hold-over tenant who bet on a '30 + 30 + 30' renewal and lost, our firm's inbox has been a permamnent revolving door of enquiries: the same question, just daily new senders. *"Is my lease still good for 90 years?" "Didn't I pre-pay the next 30?" "Do I really have to renegotiate at year 31 and pay a new rent?" "Isn't the renewal term automatic by the terms of the leasing contract?*

Below is the calm, caffeine-fuelled answer we've been giving to our firm's clients – expanded into a short opinion so I can finally stop copy-pasting. Our summary advice: Keep what does work in your agreements, ditch the folklore that leasing is something more than a tenancy for a period of years, and align future drafting with the Court's guidance with protections that are not intended to usurp the spirit of a standard 30 year maximum lease term under Thai law.

30 + 30 +30 myth-buster: The case ruling at a glance

In *Supreme Court Judgment No. 4655/2566* (18 March 2025) the hold-over tenant argued that the land lease, which provided a lease period of 30 years with renewal rights, automatically renewed because the contract stated that the lease would be extended at the end of the 30 years – and because he had prepaid rent for the 'second' and 'third' 30-year term at signing. The landlord, who had actually acquired the land subject to the lease, said "Nice story, now pack." The Supreme Court agreed with the landlord, calling the renewal clause an illegal workaround of the statutory 30-year ceiling. Pre-payment, good intentions and an express, agreed contract clause did not matter.

Statutory bedrock: Section 540 CCC

The case turned on an interpretation of Section 540 of the Thai Civil and Commercial Code: which states that a lease of **immovable property** "may not exceed thirty years." Any longer term is automatically reduced. Renewal is legally possible - but only after the original term expires and only for up to 30 years from the new signing date. In practice, this means a new contract must be negotiated and signed by landlord and tenant.

In the Court's eyes, these provisions are short, crystal-clear, and far older than the 30 +30 + 30 concept created by foreign developers seeking to sell property in Thailand. The Court's ruling basicaly means that many '90-year' property acqusiton structures you've seen could be an attempt to usurp the maximum 30 year period – making the renewal legally void or unenforceable.

Some legal context: Thailand does not have judge-made law

Because Thailand follows a civil law model, codified statutes outrank court opinions. Supreme Court decisions are persuasive, not binding precedent; and technically they resolve only the dispute in front of them. Yet lower courts and officials read them carefully, and refer to them for guidance.



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Think of Supreme Court opinions as bright neon 'Danger' signs rather than iron gates, but it is important to understand that the ruling in this case does not mean that all your contracts are now automatically void or unenforceable.

What the Court actually said

1. Form can't beat substance. Labelling the second 30-year period a 'renewal' doesn't help when the parties locked it in on day one, even when the period is 'pre-paid'.

2. Public-policy ceiling. Locking ownership-like control in a lease agreement contract for 60–90 years might offend public order and the limitations of the law that apply to leases.

3. Payment ≠ protection. Advance rent for the phantom period buys zero legal muscle. There is no way to 'project' the value of lease renewals into the future and the law does not permit one to do so in the form of a pre-payment.

4. Hold-over equals trespass. When 30 years ended, the tenant became a squatter and could be evicted. The court even ruled that the holdover-tenant was liable for damages and had to remove his buildings!

Who might be sweating?

Foreign lessees may suddenly find that the once-glossy promise of virtual freehold' seems far less attractive in light of these recent legal developments. Developers will be compelled to rethink their sales strategies. Landlords, on the other hand, gain increased leverage during renewal negotiations – a benefit now, but a potential precursor to future litigation. Determining who controls the right to renew might now take on a totally new meaning. Meanwhile, lawyers are fielding urgent queries and rewriting numerous contracts to align with the new legal landscape.

Action plan: five moves that should work

1. Register properly. Ensure a renewal contract is prepared and that it is readied for registration. Avoid any holdover period.

2. Negotiate renewal for real consideration. Treat year 30 like a fresh deal with current market rent.

3. Escrow advance rent. If a landlord insists on up-front payment for a future renewal, park the money pending a new registered lease. This way the money is not used for any other purpose and can be specifically applied to a lease term with a robustly agreed contract.

4. Flag 'auto-renew' clauses now. Audit every lease that promises 60- or 90-year occupation and prepare renegotiation strategies well in advance of the expiration of the first 30 years. Seek sound legal and accounting advice in this respect.

5. Control. Consider and identify who has the power to determine whether a lease is renewed. Is this made by an individual who owns the land currently, or is it a company? Determine whether you as the lessee have any stake in that control.

Future-proof drafting checklist

If you are very serious about making adjustments now, we are generally recommending the following:

1. Delete boilerplate promises of automatic renewal.

2. Insert a clear acknowledgment that any future term must be agreed and registered later.

3. Remove all references to pre-paid lease renewals as a right and put in place a mechanism for securing the right which can be traced to monetary rental payments in the future.

4. Build a dispute-resolution clause that survives expiration – think arbitration seated in Thailand to streamline eviction or renewal disagreements.

5. Align Thai and foreign-language versions. Courts give weight to Thai text; make sure the English doesn't secretly resurrect the 90-year unicorn.

6. Maintain a renewal calendar. Four years' lead-time lets parties negotiate before panic sets in.

A skeptical (yet hopeful) policy forecast

Yes, 'thirty means thirty' – for now. But pressures remain. Large expat communities with avenues of communication to the government; inbound investment and retirement visas, and developers starved for foreign capital will keep lobbying for longer tenures. Watch for new legislation or revised structures that put in place better protective mechanisms for future agreed lease terms. There is power in the need to ensure investment in Thai property continues, and that provides a layer of hope that property investment will continue to flourish and ultimately be supported by the Thai government.

Conclusion: adapt – don't litigate on faith

Thailand's Supreme Court didn't rewrite property law; it simply reminded everyone that the code was there all along. For tenants, the safest course is to enjoy the 30 years you have and budget for a real negotiation at renewal time. Look for ways to improve the situation over control of the lease renewals. For landlords and developers, candid marketing beats fine-print magic. And for clients? Well, consider this op-ed my auto-reply so I can finally finish a Sunday dinner without fielding another "Are 90-year leases dead?" Write – though if you still have questions, our doors (and inboxes) remain open.



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